

FISCAL NOTE

HB 705 - SB 825

March 27, 2003

SUMMARY OF BILL: Requires the Department of General Services to develop and administer a program permitting commercial advertisements on state-owned vehicles, with revenue derived from such program deposited in the General Fund. The department is to:

- develop policies regarding what type, size, design, color, etc., of advertisements are acceptable;
- develop policy regarding where advertisements are to be placed on vehicles;
- develop public policies regarding from whom advertisements are allowed;
- solicit proposals from interested vendors and award contract(s) for the right to display advertisements;
- award contract(s) for production of necessary signage, decals, custom screen painting, etc.;
- adjust vehicle lease rates to compensate for decrease in resale value or cost to refurbish vehicles prior to sale.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000

Increase State Revenues - Exceeds \$100,000

Estimate assumes that:

- placing markings or advertisements on vehicles will require repainting/refurbishing prior to resale at an estimated \$375 per vehicle.
- the amount of state revenues collected from this program will depend on the number of vendors who wish to advertise in this manner and the amount the state charges each vendor. Such increase in revenues cannot be determined, but is estimated to exceed \$100,000.

For information purposes, current policy requires such vehicles to be clearly identified by the official state seal and the words, "For Official Use Only" which is to be clearly visible from both sides of the vehicle. Current law also provides that a designated non-profit contractor(s) of the Department of Human Services has priority to purchase up to 25% of surplus passenger vehicles each fiscal year which are utilized by Families First participants to provide transportation in areas of the state that do not have public transportation readily available. To date the Department of General Services has transferred a total of 182 vehicles to the Families First program at a fair market value of \$308,840. Placing advertisements on state vehicles could make them unusable by this program without refurbishing.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director